

CAUSES AND PRECONDITIONS FOR ECONOMIC GROWTH IN SOUTH KOREA

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The article is dedicated to an issue of the establishment and development of South Korean economy. The author pays attention to the historical stages of development and defines the specific features of South Korean economic model. After the Second world war Republic Korea was an agricultural state. The first step to become country with democratic principles was change of power and transition to an export-oriented economy. The growth of southern Korea was facilitated by state regulation. The Korean leader Pak Chong Hai, governed the country authoritarian. He actually led the country from 1961 to 1979 and did not change the policy of the country. The president ruled as a dictator who provided the stability necessary for reforms. The government directed costs to the priority sectors of the economy, provided subsidies

to producers, and tightly regulated the volume of production. Each year South Korea received more currency, which contributed to the development of the country's economy. As a result in 1970s it was marked a development of heavy and chemical industry. In the 1980s, the domestic market became the basis of economic growth. The export of Korean goods has increased and also the sector of services began to develop rapidly. In a context of rapid economic growth, the business continued to expand, but this factor led to bankruptcy of sufficient number of firms. Then South Korea experienced not only a recession, but also a restructuring. Samples for imitation became such organizations as Samsung and LG. South Korea took a course on establishment of a post-industrial state.